

KENTUCKY GAZETTE.

MESSAGE

FROM THE
PRESIDENT OF THE U. STATES,
To the two Houses of Congress, at the
commencement of the first session of the
Twenty-fifth Congress;

FELLOW-CITIZENS OF THE SENATE
AND OF THE HOUSE OF REPRESENTATIVES.

The act of the 23d of June, 1836, regulating the deposits of the public money, and directing the employment of State District, and Territorial banks for that purpose, made it the duty of the Secretary of the Treasury to discontinue the use of such of them as should at any time refuse to redeem their notes in specie, and to substitute other banks, provided a sufficient number could be obtained to receive the public deposits upon the terms and conditions therein prescribed.—The general and almost simultaneous suspension of specie payments by the banks in May last, rendered the performance of this duty imperative, in respect to those which had been selected under the act; and made it, at the same time, impracticable to employ the requisite number of others upon the prescribed conditions. The specific regulations established by Congress for the deposites and safe-keeping of the public moneys, having thus unexpectedly become non-operative, I felt it to be my duty to afford you an early opportunity for the exercise of your supervisory powers over the subject.

I was led also to apprehend that the suspension of specie payments, increasing the embarrassment before existing in the pecuniary affairs of the country, would so far diminish the public revenue, that the accruing receipts into the Treasury, would not, with the reserved five millions, be sufficient to defray the unavoidable expenses of the Government, until the usual period of the meeting of Congress; whilst the authority to call upon the States, for a portion of the sums deposited with them, was too restricted to enable the Department to realize a sufficient amount from that source. These apprehensions have been justified by subsequent results, which render it certain that this deficiency will occur, if additional means be not provided by Congress.

The difficulties experienced by the mercantile interest, in meeting their engagements, induced them to apply to me previously to the actual suspensions of specie payments, for indulgence upon their bonds for duties; and all the relief authorised by law was promptly and cheerfully granted. The dependence of the Treasury upon the avails of these bonds, to enable it to make the deposites with the States required by law, led me in the outset to limit this indulgence to the first of September, but it has since been extended to the first of October, that the matter might be submitted to your further direction.

Questions were also expected to arise in the recess, in respect to the October instalment of those deposites, requiring the interposition of Congress.

A provision of another act, passed about the same time, and intended to secure a faithful compliance with the obligation of the United States, to satisfy all demands upon them in specie or its equivalent, prohibited the issue of any bank note, not convertible on the spot into gold or silver at the will of the holder; and the ability of the Government with millions on deposit, to meet its engagements in the manner thus required by law, was rendered very doubtful by the event to which I have referred.

Sensible that adequate provisions for these unexpected exigencies could only be made by Congress; convinced that some of them would be indispensably necessary to the public service, before the regular period of your meeting, and desirous also to enable you to exercise, at the earliest moment, your full constitutional powers for the relief of the country, I could not, with propriety, avoid subjecting you to the inconvenience of assembling at as early a day as the state of the popular representation permit. I am sure that I have but done justice to your feelings, in believing that this inconvenience will be cheerfully encountered, in the hope of rendering your meeting conducive to the good of the country.

During the earlier stages of the revolution through which we have just passed, much acrimonious discussion arose, and great diversity of opinion existed, as to its real causes. This was not surprising.—The operations of credit are so diversified, and the influences which affect them are numerous, and often so subtle, that even impartial and well-informed persons are seldom found to agree in respect to them. To inherent difficulties were also added other tendencies, which were by no means favorable to the discovery of truth. It was hardly to be expected, that those who disapproved the policy of the Government in relation to the currency, would, in the excited state of public feeling produced by the occasion, fail to attribute to that policy and extensive embarrassments in the monetary affairs of the country. The matter thus became connected with the passions and conflicts of party; opinions were more or less affected by political considerations; and differences were prolonged which might otherwise have been determined by an appeal to facts, by the exercise of reason, or by mutual concession. It is, however, a cheering reflection, that circumstances of this nature cannot prevent a community so intelligent as ours from ultimately arriving at correct conclusions. Encouraged by the firm belief of this truth, I proceed to state my views, so far as may be necessary to a clear understanding of the remedies I feel it my duty to propose, and of the reasons by which I have been led to recommend them.

The history of trade in the United States for the last three or four years, affords the most convincing evidence that our present condition is chiefly to be attributed to overaction in all the departments of business; an over-action deriving, perhaps, its first impulses from antecedent causes, but stimulated to its destructive consequences by the excessive issues of bank paper, and by other facilities for the acquisition and enlargement of credit. At the commencement of the year 1834, the banking capital of the United States, including that of the national bank then existing, amounted to about two hundred millions of dollars; the bank notes then in circulation to about ninety-five millions; and the loans and discounts of the banks to three hundred and twenty-four

millions. Between that time and the first January, 1836, being the latest period to which accurate accounts have been received our banking capital was increased to more than one hundred and forty millions, and the loans and discounts to more than four hundred and fifty-seven millions. To this vast increase are to be added the many millions of credit, acquired by means of foreign loans, contracted by the States and State institutions, and, above all, by the lavish accommodations, extended by foreign dealers to our merchants.

The consequences of this redundancy of credit, and of the spirit of reckless speculation engendered by it, were a foreign debt contracted by our citizens, estimated in March last at more than thirty millions of dollars; the extinction to traders in the interior of our country of credits for supplies, greatly beyond the wants of the people; the investment of thirty-nine and a half-millions of dollars in unproductive public lands, in the years 1835 and 1836, whilst in the preceding year the sales amounted to only four and a half-millions; the creation of debts to an almost countless amount, for real estate, in existing or anticipated cities and villages, equally unproductive, and at prices now seen to have been greatly disproportionate to their real value, the expenditure of immense sums in improvements which in many cases, have been found to be ruinously improvident, the diversion to other pursuits of much of the labor that should have been applied to agriculture, thereby contributing to the expenditure of large sums in the importation of grain from Europe—an expenditure which amounting in 1834 to about two hundred and fifty thousand dollars, was, in the first two quarters of the present year, increased to more than two millions of dollars; and, finally, without enumerating other injurious results, the rapid growth among all classes and especially in our great commercial towns, of luxurious habits, founded too often on merely fancied wealth, and detrimental alike to the industry, the resources, and the morals of our people.

It was so impossible that such a state of things could long continue, that the prospect of revision was present to the minds of considerate men before it actually came. None, however, had correctly anticipated its severity. A concurrence of circumstances inadequate of themselves to produce such wide-spread and calamitous embarrassments, tended so greatly to aggravate them, that they cannot be overlooked in considering their history. Among these may be mentioned, as most prominent, the great loss of the capital sustained by our commercial emporium in the fire of December, 1835—a loss, the effects of which were under-rated at the time, because postponed for a season by the great facilities of credit then existing; the disturbing effects, in our commercial cities, of the transfers of the public moneys required by the deposites law of 1836; and the measures adopted by the foreign creditors of our merchants to reduce their debts, and to withdraw from the United States a large portion of our specie.

However unwilling any of our citizens may heretofore have been to assign to these causes the chief instrumentality in producing the present state of things, the developments subsequently made, and the actual condition of other commercial countries, must, as it seems to me, dispel remaining doubts upon the subject. It has since appeared that the evils, similar to those suffered by ourselves, have been experienced in Great Britain; on the continent, and, indeed, throughout the commercial world; and that, in other countries, as well as in our own, they have been uniformly preceded by an undue enlargement of the boundaries of trade, prompted, as with us by unprecedented expansions of the system of credit. A reference to the amount of banking capital, and the issues of paper credits put in circulation in Great Britain by banks, and in other ways, during the years 1834, 1835, and 1836; will show an augmentation of the paper currency there, as much disproportioned to the real wants of trade in the United States. With this redundancy of the paper currency, there arose in the country also a spirit of adventurous speculation, embracing the whole range of human enterprise. Aid was profusely given to projected improvements; large investments were made in foreign stocks and loans; credits for goods were granted with unbounded liberality to merchants in foreign countries; and all the means of acquiring and employing credit were put in active operation, and extended in their effects, to every department of business, and to every quarter of the globe.—The reaction was proportioned in its violence to the extraordinary character of the events which preceded it. The commercial community of Great Britain were subjected to the greatest difficulties, and their debtors in this country were not only suddenly deprived of accustomed and expected credits, but, called upon for payments, which in the actual posture of things here, could only be made through a general pressure and at the most ruinous sacrifices.

In view of these facts it would seem impossible for sincere inquirers after truth to resist the conviction, that the causes of the revulsion in both countries have been substantially the same. Two nations, the most commercial in the world, enjoying but recently the highest degree of apparent prosperity, and maintaining with each other the closest relations, are suddenly in a time of profound peace, and without any great national disaster, arrested in their career, and plunged into a state of embarrassment and distress. In both countries we have witnessed the same redundancy of paper money, and other facilities of credit; the same spirit of speculation; the same partial successes; the same difficulties and reverses, and, at length, nearly the same overwhelming catastrophe. The most material difference between the results in the two countries has only been, that with us there has also occurred an extensive derangement in the fiscal affairs of the Federal and State Governments, occasioned by the Post Office Department. As justly might it be called on to provide for the transportation of their merchandise. These are operations of trade. They ought to be conducted by those who are interested in them, in the same manner that the incidental difficulties of other pursuits are encountered by other classes of citizens. Such aid has not been deemed necessary in other countries. Throughout Europe, the domestic as well as the foreign exchanges are carried on by private houses, often if not generally, without the assistance of banks. Yet they extend throughout distinct sovereignties, and far exceed in amount the real exchanges of the United States. There is no reason why our own may not be conducted in the same manner, with equal cheapness and

safety. Certainly this might be accomplished, if it were favored by those most deeply interested; and few can doubt that their own interest, as well as the general welfare of the country, would be promoted by leaving such a subject in the hands of those to whom it probably belongs. A system founded on private interest, enterprise, and competition, without the aid of legislative grants or regulations by law, would rapidly prosper; it would be free from the influence of political agitation, and extend the same exemption to trade itself; and it would put an end to those complaints of neglect, partiality, injustice and oppression, which are the unavoidable results of interference by the Government, in the proper concerns of individuals. All former attempts on the part of the Government to carry its legislation, in this respect, further than was designed by the Constitution, have in the end proved injurious, and have served only to convince the great body of the people, more and more, of the certain dangers of blending private interests with the operations of public business; and there is no reason to suppose that a repetition of them now would be more successful.

It cannot be concealed that there exists, in our community, opinions and feelings on this subject in direct opposition to each other. A large portion of them, combining intelligence, activity, and influence, are no doubt sincere in their belief that the operations of trade ought to be assisted by such a connection; they regard a national bank as necessary for this purpose, and they are disinclined to any measure that does not tend, sooner or later, to the establishment of such an institution. On the other hand, a majority of the people are believed to be irreconcilably opposed to that measure; they consider such a concentration of power dangerous to their liberties, and many of them regard it as a violation of the Constitution. This collision of opinion has, doubtless, caused much of the embarrassment to which the constitutional transactions of the country have lately been exposed. Banking has become a political topic of the highest interest, and trade has suffered in the conflict of parties. A speedy termination of this state of things, however desirable, is scarcely to be expected. We have seen for nearly half a century; that those who advocate a national bank, by whatever motive they may be influenced, constitute a portion of our community too numerous to allow us to hope for an early abandonment of their favorite plan. On the other hand, they must indeed form an erroneous estimate of the intelligence and temper of the American people, who suppose that they have continued, on slight or insufficient grounds, their persevering opposition to such an institution; or that they can be induced by pecuniary pressure, or by any other combination of circumstances, to surrender principles they have so long and so inflexibly maintained.

My own views of the subject are unchanged. They have been repeatedly and unreservedly announced to my fellow-citizens, who, with full knowledge of them, conferred upon me the two highest offices of the Government. On the last of these occasions, I felt it due to the people to apprise them distinctly, that, in the event of my election, I would not be able to co-operate in the re-establishment of a national bank. To these sentiments, I have now only to add the expressions of an increased conviction, that the re-establishment of such a bank, in any form, whilst it would not accomplish the beneficial purposes promised by its advocates, would impair the rightful supremacy of the popular will; injure the character and diminish the influence of our political system; and bring once more into existence a concentrated monied power, hostile to the spirit, and threatening the permanency of our republican institutions.

Local banks have been employed for the deposites and distribution of the revenue, at all times partially, and, on three different occasions exclusively; first, anterior to the establishment of the first Bank of the United States; secondly, in the interval between the termination of that institution and the charter of its successor; and thirdly, during the limited period which has now so abruptly closed. The connection thus repeatedly attempted, proved unsatisfactory on each successive occasion, notwithstanding the various measures which were adopted to facilitate or insure its success. On the last occasion, in the year 1833, the employment of the State banks was guarded especially in every way which experience and caution could suggest. Personal security was required for safe-keeping and prompt payment of the monies to be received and full returns of their condition were, from time to time, to be made by the depositories. In the first stages the measure was eminently successful, notwithstanding the violent opposition of the Bank of the United States, and the uncasing efforts made to overthrow it. The selected banks performed with fidelity, and without any embarrassment to themselves or to the community, their engagements to the Government, and the system promised to be permanently useful. But when it becomes necessary, under the act of June, 1836, to withdraw from them the public money, for the purpose of placing it in additional institutions, or of transferring it to the States, they find it, in many cases, inconvenient to comply with the demands of the Treasury; and numerous and pressing applications were made for indulgence or relief. As the instalments under the deposites law became payable, their own embarrassments, and the necessity under which they lay of curtailing their discounts and calling in their debts, increased the general distress, and contributed, with other causes, to hasten the revolution in which, at length, they, in common with the other banks, were fatally involved.

Under these circumstances, it becomes our solemn duty to inquire whether there are not, in any connection between the Government and banks of issue, evils of great magnitude, inherent in its very nature, and against which no precaution can effectually guard. Unforeseen in the organization of the Government, and forced on the Treasury by early necessities, the practice of employing banks, was, in truth, from the beginning, more a measure of emergency than of sound policy. When we started into existence as a nation, in addition to the burdens of the new Government, we assumed all the large but honorable load of debt which was the price of our liberty; but we hesitated to weigh down the infant industry of the country by resorting to adequate taxation for the necessary revenue. The facilities of banks, in return for the privileges they acquired, were promptly offered, and perhaps too readily received, by an embarrassed Treasury. During the long continuance of a national debt, and the intervening dif-

ficulties of a foreign war, the connection was continued from motives of convenience; but these causes have long since passed away. We have no emergencies that make banks necessary to aid the wants of the Treasury; we have no load of national debt to provide for, and we have on actual deposit a large surplus. No public interest, therefore, now requires the renewal of a connection that circumstances have dissolved. The complete organization of our Government, the abundance of our resources, the general harmony which prevails between the different States, and with foreign Powers, all enable us now to select the system most consistent with the Constitution, and most conducive to the public welfare. Should we, then, connect the Treasury for a fourth time with the local banks, it can only be under a conviction that past failures have arisen from accidental, not inherent, defects.

A danger, difficult, if not impossible, to be avoided in such an arrangement, is made strikingly evident in the very event by which it has now been defeated. A sudden act of the banks intrusted with the funds of the people, deprives the Treasury, without fault or agency of the Government, of the ability to pay its creditors in the currency they have by law a right to demand. This circumstance, no fluctuation of commerce could have produced, if the public revenue had been collected in the legal currency, and kept in that form by the officers of the Treasury. The citizen whose money was in bank receives it back, since the suspension, at a sacrifice in its amount; whilst he who kept it in the legal currency of the country, and in his own possession, pursues, without loss, the current of his business. The Government, placed in the situation of the former, is involved in embarrassments it could not have suffered had it pursued the course of the latter. These embarrassments are, moreover, augmented by those salutary and just laws which forbade it to use a depreciated currency, and, by so doing, take from Government the ability which individuals have of accommodating their transactions to such a catastrophe.

A system which can, in a time of profound peace, when there is a large revenue laid by, thus suddenly prevent the application and the use of the money of the people, in the manner and for the objects they have directed, cannot be wise; but who can think, without painful reflection, that, under it, the same unforeseen events might have fallen upon us in the midst of a war, and taken from us, at the moment when most wanted, the use of those very means which were treasured up to promote the national welfare and guard our national rights? To such embarrassments and to such dangers will this Government be always exposed, whilst it takes the money raised for, and necessary to, the public service, out of the hands of its own officers, and converts them into a mere right of action against corporations entrusted with the possession of them. Nor can such results be effectually guarded against in such a system, without investing the Executive with a control over the banks themselves, whether State or National, that might with reason be objected to. Ours is, probably, the only Government in the world that is liable in the management of its fiscal concerns, to occurrences like these. But this imminent risk is not the only danger attendant on the surrender of the public money to the custody and control of local corporations.—Though the object is aid to the Treasury, its effect may be to introduce into the operations of the Government influences the most subtle, furtive and pernicious.

The use by the banks, for their own benefit, of the money deposited with them, has received the sanction of the Government from the commencement of this connection. The money received from the people, instead of being kept till it is needed for their use, is, in consequence of this authority, a fund, on which discounts are made for the profit of those who happen to be owners of stock in the banks selected as depositories. The supposed and often exaggerated advantages of such a boon will always cause it to be sought for with avidity. I will not stop to consider on whom the patronage incident to it is to be conferred; whether the selection and control be trusted to Congress or to the Executive, either will be subjected to appeals made in every form that the re-establishment of such a bank, in any form, whilst it would not accomplish the beneficial purposes promised by its advocates, would impair the rightful supremacy of the popular will; injure the character and diminish the influence of our political system; and bring once more into existence a concentrated monied power, hostile to the spirit, and threatening the permanency of our republican institutions.

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which will doubtless be encountered for a season, and increased services required from the public functionaries, such as usually incident to the commencement of every system, but they will be greatly lessened in the progress of its operations. The power and influence supposed to be connected with the custody and disbursement of the public money, are topics on which the mind is naturally, and, with propriety, peculiarly sensitive.—Much has been said on them, in reference to the proposed separation of the Government from banking institutions; and surely no one can object to any appeals or animadversions on the subject, which are consistent with facts, and evince a proper respect for the intelligence of the people. If a Chief Magistrate may be allowed to speak for himself, on such a point, I can truly say, that to me nothing would be more acceptable, than the withdrawal from the Executive, to the greatest practical extent, of all the concern in the custody and disbursement of the public revenue; not that I would shrink from any responsibility cast upon me by the duties of my office, but because it is my firm belief that its capacity for usefulness is in no degree promoted by the possession of any patronage not actually necessary to the performance of those duties. But under our present form Government, the intervention of the Executive officers in the custody and disbursement of the public money seems to be unavoidable; and before it can be admitted that the influence and power of the Executive would be increased by dispensing with the agency of banks, the nature of that intervention in such an agency must be carefully regarded, and a comparison must be instituted between its extent in the two cases.

The revenue can only be collected by officers appointed by the President, with the advice and consent of the Senate. The public moneys in the first instance, must, therefore, in all cases, pass through hands selected by the Executive. Other officers appointed in the same way, or, as in some cases, by the President alone, must also be entrusted with them drawn for the purpose of disbursement. It is thus seen that, even when the banks are employed, the public funds must twice pass through the hands of the Executive officers. Besides this the head of the Treasury Department, who also holds his office at the pleasure of President, and some other officers of the same department, must necessarily be invested with more or less power in the selection, continuance and supervision, of the banks that may be employed. The question is then narrowed to the single point, whether, in the intermediate stage between the collection and disbursement of the public money, the agency of banks is necessary to avoid a dangerous extension of the patronage and influence of the Executive? But it is clear that the connection of the Executive with powerful moneyed institutions, capable of ministering to the interests of the men in points where they are most accessible to corruption, is less liable to abuse, than his constitutional agency in the appointment and control of the few public officers required by the proposed plan? Will the public money, when in their hands, be necessarily exposed to any improper interference on the part of the Executive? May it not be hoped that the prudent fear of public jealousy and disapprobation, in a matter so peculiarly exposed to them, will deter him from any such interference, even if higher motives be found operative. May not Congress regulate, by law, supervision and publicity, as to prevent the possibility of any serious abuse on the part of the Executive? and is there equal room for such supervision and publicity in a connection with the banks, acting under the shield of corporate immunities, and conducted by persons irresponsible to the Government and the people? It is believed that a considerate and candid investigation of these questions will result in the conviction, that the proposed plan is far less liable to objection, on the score of Executive patronage and control, than any bank agency that has been, or can be, devised.

With these views, I leave to Congress the measures necessary to regulate, in the present emergency, the safe keeping and transfer of the public moneys. In the performance of my constitutional duty, I have stated to them, without reserve, the result of my own reflections. The subject is of great importance; and one on which we can scarcely expect to be as unit in sentiment as we are in interest. It deserves a full and free discussion, and cannot fail to be benefited by a dispassionate comparison of opinions. Well aware myself of the duty of reciprocal concession among the co-ordinate branches of the Government, I can promise a reasonable spirit of co-operation, so far as it can be indulged in without the surrender of constitutional objections, which I believe to be well founded.—Any system that may be adopted should be subjected to the fullest legal provision, so as to leave nothing to the Executive but what is necessary to the discharge of the duties imposed on him; and whatever plan may be ultimately established, my own part shall be so discharged as to give it a fair trial, and the best prospect of success.

The character of the funds to be received and disbursed in the transactions of the Government, likewise demands your most careful consideration.

There can be no doubt that those who framed and adopted the Constitution, having in immediate view the depreciated paper of the Confederacy—of which five hundred dollars in paper were, at times, only equal to one dollar in coin—intended to prevent the recurrence of similar evils, so far at least as related to the transactions of the new Government. They gave to Congress express powers to coin money, and to regulate the value thereof, and of foreign coin; they refused to give it power to establish corporations—the agents, then as now, chiefly employed to create a paper currency; they prohibited the States from making any thing but gold and silver a legal tender in payment of debts; and the Congress directed, by positive law, that the revenue should be received in nothing but gold and silver.

Public exigency at the outset of the Gov-

ernment, without direct legislative authority, led to the use of banks as fiscal aids to the Treasury. In admitted deviation from the law, at the same period, and under the same exigency, the Secretary of the Treasury received their notes in payment of dues. The sole ground on which the practice, thus commenced, was then, or has since, been justified, is the certain, immediate, and convenient exchange of such notes for specie. The Government did indeed receive the inconveniences of State banks during the difficulties of war; and the community submitted without a murmur to the unequal taxation and multiplied evils of which such course was productive. With the war, this indifference ceased, and the banks were obliged again to redeem their notes in gold and silver. The Treasury, in accordance with previous practice, continued to dispense with the currency required by the act of 1789, and took the notes of banks in full confidence of their being paid in specie on demand, and Congress, to guard against the slightest violation of this principle, have declared, by law, that if notes are paid in the transactions of the Government, it must be under such circumstances as to enable the holder to convert them into specie without depreciation or delay.

Of my own duties under the existing laws, when the banks suspended specie payments, I could not doubt. Directions were immediately given to prevent the reception into the Treasury of any thing but gold and silver or its equivalent; and every practicable arrangement was made to preserve the public faith, by similar or equivalent payments to the public creditors. The revenue from lands had been for some time substantially collected, under the order issued by the directions of my predecessor. The effects of that order had been so salutary, and its forecast in regard to the increasing insecurity of bank paper had become so apparent, that, even before the catastrophe, I had resolved not to interfere with its operation. Congress is now to decide whether the revenue shall continue to be so collected or not.

The receipts into the Treasury, of bank notes, not redeemed in specie on demand, will not, I presume, be sanctioned. It would destroy, without the excuse of war or public distress, that equality of imports and identity of commercial regulation, which lie at the foundation of our Confederacy, and would offer to each State a direct temptation to increase its foreign trade, by depreciating the currency received for duties in its ports. Such a proceeding would also, in a great degree, frustrate the policy, so highly cherished, of infusing into our circulation a larger proportion of the precious metals; a policy, the wisdom of which none can doubt, though there may be different opinions as to the extent to which it should be carried. Its results have been already too auspicious, and its success is too closely interwoven with the future prosperity of the country, to permit us for a moment to contemplate its abandonment.—

We have seen, under its influence, our specie augmented beyond eighty millions; our coinage increased so as to make that of gold amount between August, 1834, and December, 1836, to ten million of dollars; exceeding the whole coinage at the mint during the thirty-one previous years. The prospect of further improvement continued without abatement, until the moment of the suspension of specie payments. This policy has now indeed been suddenly checked, but is still far from being overthrown. Amidst all conflicting theories, one position is undeniable: the precious metals will invariably disappear when there ceases to be a necessity for their use, as a circulating medium. It was in strict accordance with this truth, that whilst, in the month of May last, they were every where seen, and were current for all ordinary purposes, they disappeared from circulation the moment the payment of specie was refused by the banks, and the community tacitly agreed to dispense with its employment. Their place was supplied by a currency exclusively of paper, and, in many cases, of the worst description. Already are the bank notes now in circulation greatly depreciated, and they fluctuate in value between one place and another, thus diminishing and making uncertain the worth of property and the price of labor, and failing to subserve, except at a heavy loss, the purpose of business. With each succeeding day the metallic currency decreases; by some it is hoarded in the natural fear, that once parted with it cannot be replaced; while by others it is diverted from its more legitimate uses, for the sake of gain. Should Congress sanction this condition of things, by making irredeemable paper money receivable in payment of public dues, a temporary check to a wise and salutary policy will, in all probability, be converted into its absolute destruction.

It is true that bank notes actually convertible into specie may be received in payment of the revenue, and that such a course may, to some extent, promote individual convenience; and objects of this kind should be considered when it comes to the principles of our Government, or the general welfare of the country. If such notes only were received, and always under circumstances allowing the ready presentation for payment, and if, at short and fixed periods, they were converted into specie to be kept by the officers of the Treasury, some of the most serious obstacles to their reception would perhaps be removed. To retain the notes in the Treasury would be to renew, under another form, the loans of public money to the banks, and the evils connected therewith.

It is proposed to procure the required amount by means of increased taxation. There are now in the Treasury nine millions, three hundred and sixty seven thousand two hundred and fourteen dollars, directed by the act of the 23d of June, 1836, to be deposited with the States in October next. This sum, if so deposited, will be subject, under the law, to be recalled, if needed, to defray existing appropriations; and it is now evident that the whole, or the principal part of it, will be wanted for that purpose, it appears most proper that the deposits should be withheld. Until the amount can be collected from the banks, Treasury notes may be temporarily issued, to be gradually redeemed as it is received.

I am aware that this course may be productive of inconvenience to many of the States. Relying upon the acts of Congress which held out to them the strong probability, if not the certainty, of receiving this instalment, they have in some instances adopted measures with which its retention may seriously interfere.—That such a condition of things should occur, is to be regretted. It is not the least among the legitimate results of the measures of federal taxation, to force Congress to deviate from its original intent.

However, a mistaken impression, that any large amount of specie is required for public payments. Of the seventy or eighty millions now estimated to be in the country, ten millions would be abundantly sufficient for that purpose, provided an accumulation of a large amount of revenue, beyond the necessary wants of the Government, be hereafter prevented. If to these considerations added the facilities which will arise from enabling the Treasury to satisfy the public demands, it may be safely assumed that such a course of convenience to the citizens requires the reception of bank note.

But, in fact, the measure is one of restriction, not of favor. To forbid the public agent to receive in payment any thing other than a certain kind of money, is in itself a discretion possessed by every citizen. It may be left to those who have the management of their own transactions, to determine what mode of payment is best for them. When they are not so redeemed, it will scarcely be conceded that their receipt and payment, by a public officer, should be permitted, though none dare right to an individual; if it were, the effect would be most injurious to the public service, the offices concerned, and the departments to meet or go against the depreciation, which an individual is at liberty to do. Nor can inconvenience to the community be alleged as an objection to such a regulation. Its object and motive are their convenience and welfare.

If, at a moment of simultaneous and unexpected suspension by the banks, it adds something to the many embarrassments of that proceeding, yet these are overbalanced by its direct tendency to produce a wider circulation of gold and silver, to increase the safety of bank paper, to improve the general currency, and thus to prevent altogether such occurrences as the paper basis for the paper currency. The banks would thus be rendered more sound, and the community more safe, cannot attend to this.

The foreign views, it seems to me, do but fairly carry out the provisions of the Federal Constitution in relation to the currency, as far as relates to the public revenue. At the time that instrument was framed, there were but three or four banks in the United States; and the evils growing out of it were foreseen, they would probably have been specially guarded against. The same policy which led to the prohibition of bills of credit in the States, would, doubtless, in that event have干涉ed with issues of paper money in any other form.

The Constitution, however, contains no such prohibitions; and since the States have exercised,

for nearly half a century, the power to regulate the business of banking, it is not to be expected that it will be abandoned.

The whole matter is now under discussion before the proper tribunal—the people of the States. Never before has the public mind been so thoroughly awakened to a proper sense of its importance; never has the subject, in all its bearings, been submitted to so searching an inquiry.

It would be distrustful of the intelligence and virtue of the people to doubt the speedy adoption of such a measure, if it be for the public good demands.

All that can rightfully be done by the Federal Government to promote the accomplishment of that important object, will without doubt be performed.

In the mean time, it is our duty to provide all the remedies against a depreciated paper currency which the Constitution enables us to do.

The Treasury Department, on several former occasions, has suggested the propriety and importance of a uniform law concerning bankruptcies of corporations, and other bankers. Through the instrumentality of such a law, a salutary and very doubtful remedy might be found in the issues of paper money, and effectually given to the citizen in a way at once equal in all parts of the Union, and fully authorized by the Constitution.

The indulgence granted by Executive authority in the payment of bonds for duties, has been already mentioned.

Seeing that the immediate enforcement of these obligations could subject a large and highly respectable portion of our citizens to great sacrifice, and believing that a temporary postponement could be made without detriment to other interests, and with increased security of ultimate payment, I did not hesitate to concur with the resolution.

(The terms allowed are, to the full extent, as liberal as any are to be found in the practice of the Executive Department. It remains for Congress to decide whether further postponement may not with propriety be allowed, and, if so, their legislation upon the subject respectively invited.)

The difficulties and distresses of the times, though unusually great, are limited in their extent, and cannot be regarded as affecting the permanent prosperity of the nation. Arising, in a great degree, from the transactions of foreign and domestic commerce, it is upon them that they have chiefly fallen. The great agricultural interest has, in many parts of the country, suffered comparatively little; and, perhaps naturally, sought for under the pressure of temporary circumstances. It is, therefore, refrain from suggesting to Congress any specific plan for regulating the exchanges of the country; relieving mercantile embarrassments, or interfering with the ordinary operations of foreign or domestic commerce; it is from a conviction that such measures are not within the constitutional province of the General Government; and that their adoption would not promote the real and permanent welfare of those they might be designed to aid.

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The banks, established avowedly for its support, deriving their profits from it, and resting under obligations to it which cannot be overlooked, will feel at once the necessity and justice of uniting the energies with those of the mercantile interest. The suspension of specie payments, at such a moment, could not be other than a temporary measure; and we can scarcely err in believing that the period must soon arrive when all that are solvent will redeem their issues in gold and silver. Dealings a broad naturally depend on resources and prosperity afloat. If the debt of our merchants has accumulated, or their credit is impaired, these are fluctuations always incident to extensive or extravagant mercantile transactions. But the ultimate security of such obligations does not admit of question. They are guaranteed by the resources of a country, the fruits of whose industry afford the abundant means of ample liquidation, and by the evident inability of any merchant to sustain a credit, hitherto high, by promptly applying these means for its preservation.

The receipts and expenditures for the first half of the year, and an estimate of those for the residue, will be laid before you by the Secretary of the Treasury.

In his report of December last, it was estimated that the current receipts would fall short of the expenditures by about three millions of dollars.

It will be seen that the amount of the balance is much greater. This is due, not only to the

occurrence of greater preliminary embarrassments in the business of the country than those which were then predicted, and, consequently, a greater diminution in the revenue, but also to the fact that the appropriations exceeded, by nearly six millions, the amount which was asked for the estimates then submitted. The sum necessary for the service of the year beyond the probable receipts, and the amount which it was intended should be reserved in the Treasury at the commencement of the year, were both increased, and, by the evident increase of the reserved balance, not at once applied to the current expenditures, but four millions were still kept in the Treasury, as seems most expedient, for the uses of the mint, and to meet contingencies, the sum need will be ten millions.

The report of the Secretary of the Treasury will exhibit the condition of these debts; the extent and effect of the present indorsement; the probable result of its further extension on the state of the Treasury, and the steps which should be taken in consideration of the subject. Similar information is communicated in regard to such depositories of the public moneys as are indebted to the Government, in order that Congress may also adopt the proper measures in regard to them.

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**VALUABLE AND TRIED
PATENT MEDICINES.**

TRIPPE'S CONCENTRATED EXTRACT
OF SARSAPARILLA;
SUPERIOR to any other preparation of the
kind in use, and recommended by the
highest testimonies, as a remedy in all Scrofulous,
Rheumatic and Syphilitic diseases, Cutaneous
Affections, &c.

BLOODGOOD'S ELIXIR OF HEALTH;
A specific in Dyspepsia and all disorders of the
digestive organs, and in general restorative in
weak and debilitated habits, caused by previous
disease of the stomach and bowels.

NERVE AND BONE LINIMENT;
An invaluable remedy for Sprains, Bruises,
Fresh Cuts, &c.

MONTAGUE'S BALM;
A cure for the Tooth Ache, and a preventative
of decay in the teeth.

A supply of the above mentioned Medicines
kept always on hand, and for sale by

S. C. TROTTER.

At his Drug Store, Cheapside, Lex., Ky.

And at the Drug Store of Geo. W. NORTON,

Main street.

August 3, 1837.—31-tf.

BIBLE DEPOSITORY.

THE Public are respectfully informed that a Permanent Depository for the sale of Books of the various descriptions by the American Bible Society, has been opened in Short Street in this City, two doors below the Post Office, where they will be furnished to purchasers at the Society's prices in New York, with the exception of the finer bound copies, on which there is laid the additional charge of cost and carriage from New York.

The following are at present in Store, viz: Quarto Bibles, in various paper & binding \$2 50 to \$10 50.

Royal Octavo Reference Bibles, \$2, to \$7 50.

Plainly bound Octavo Bibles, \$1 25.

Duodecimo Reference Bibles, 80 cts to \$1 31 12.

Common Duodecimo Bibles, in quantities, at 50 to 85 cents.

Fin pocket Bibles, at \$1, to \$2 50.

Testaments in common and fine binding, at 15 to 55 cents.

ALSO—For sale at the Depository, a supply of the TRACTS of the American Tract Society, and many publications of the American Sunday School Union, which will be furnished to Societies and individuals, at the New York prices.

EDWARD F. BERKLEY,
Agent for Lexington and Vicinity.
Bible Society.

Lexington, July 26, 1837 34-81

55th Notice!

PERSONS who know themselves, when they see this, to be indebted to the subscribers, are respectfully but earnestly solicited to call and settle their accounts and notes. We mean those that are due.

OREAR & BERKLEY.

Lexington, June 10, 1837—34-tf

LAW NOTICE.

MY Clients are informed, that in the cause generally which I was engaged in the Court of Appeals, and Woodford and Jassamine Circuit Courts, I will be represented by Aaron K. Woolley, Esq. who will close my engagements in those courts. My cases in the Fayette Circuit Court will be attended to by my late partner HENRY HOWEY, Esq. and by Aaron K. Woolley and Mansfield G. Johnson, Esqs. in those in which they were not engaged against me.

DANL. MAYES

Lexington, March, 4, 1837 10-ff

Public Sale.

I WILL offer at Public Auction, on Friday, the 15th day of Sept. next, my late residence in the city of Lexington, situated on the Cards road (Main-Street) just within the City limits, with 10 Acres of ground attached thereto, bordering on Longwood Avenue, and fronting about 40 poles on said road, which is about being MacAdams'd, the road having been put under contract a few days since. The buildings are of brick, construction and new. Also 23 Acres of Land adjoining same, divided into Lots to suit purchasers.

Same to take place on the premises, commencing at half past 2 o'clock, P. M. Terms liberal and ample known on the day of sale.

I will also sell at Private Sale, "LONGWOOD," my present residence adjoining the above, commanding with the Cards road, by an avenue 60 feet wide by 44 poles in length, and binding on Merino Street on the north, containing 17 or 18 acres—on which is perhaps the best selection of young fruit trees in the State, just beginning to bear—together with a great variety of Evergreens, Shrubbery, &c. &c.—Either of the above Places are worthy of the attention of any gentleman wishing to obtain a pleasant and healthy residence in the City.—Such property is seldom put in market—but contemplating a removal to the "far west" I will sell Longwood on accomodating terms, if application is made on or before the 15th Sept.—if sold by that day, I will dispose of 20 acres of Corn in the field, together with my stock of Cattle, Hogs, &c., on the said day at Auction. If Longwood is not sold privately, or on that day, it will no longer be in market, and I will content myself with the sale of the first named property.

JAMES L. HICKMAN.
Aug. 31, 1837.—35-tl.

NOTICE.

THOSE persons having unsettled accounts with Mr. J. T. FRAZER, are respectfully requested to present them for settlement.—Those indebted to him in notes or accounts, which are due, are respectfully informed that if not paid, suits will be brought the ensuing September term.

W. C. BELL, Assignee.

Lexington, Aug. 19, 1837.—34-1m

SELLING OFF AT COST

BARGAINS! BARGAINS!

A RE now offering at the Store of J. T. FRAZER, Marble Front, Main street, Lexington, out of one of the

**Largest Stocks of Goods,
IN THE CITY!**

CLOTHES, CASSIMERES, CASSINETTS, BOMBazines, BOMBAZZETTS, MERINOES, white and figured; and a great variety of LADIES' & GENTLEMEN'S WEAR,

Suitable for the present and approaching seasons, can now be had at less than wholesale price, or at cost, FOR CASUAL EXCLUSIVELY.

W. C. BELL, Assignee.

Aug. 19, 1837.—34-tf

**S. CATHARINE'S
Female Academy,**

LEXINGTON, KY.

THE next Session of this Institution will commence on Monday, August 28th. The young ladies are requested to return that day, to resume their classes.

Lexington, Ky. August 22, 1837.—34-2m

DR. CROSS

HAVING permanently settled himself in Lexington, offers his professional Services to its citizens and the farmers in its vicinity. Office on Short-Street, opposite the Courthouse, next door to Gen. Conib's office.

July 19, 1837, 22-ff

To Mechanics.

THE undersigned is charged with the duty of employing mechanics to finish the State House and other public buildings at Little Rock, in the State of Arkansas. Between 30 and 40 thousand dollars is on hand for that purpose.

The carpentering work and the plastering and rough casting will constitute the two principal items of expense in completing the public buildings. There is yet a portion of brick work to be done, worth probably, three or four thousand dollars. The buildings are to be painted in the best order. A large portion to be covered with tin. And the Square, three hundred feet on each side, is to be enclosed with an iron railing or fence.

The undersigned expects to purchase all the necessary materials at Louisville or Cincinnati, and take them with him to Little Rock on his return in the fall; at which time he expects those who engage to do the work or any portion of it to accompany him.

Little Rock, the place where this work is to be done, is the permanent seat of government of the new State of Arkansas. It is a fine situation, and a flourishing place, laid out for a good large city, and only wanting mechanics to improve rapidly. It is situated on the south side of the Arkansas river, on a high bluff bank, about 300 miles from the mouth of said river; and is a point that can be reached by steamboats the greater part of the year. The Lecture will commence, as usual, on the first Monday of November, with the following faculty.

Dr. Anatomy & Surgery, by W. V. DUDLEY, M. D., Professor; and JAMES M. BUSH, M. D., Adjunct Professor.

Institutes of Medicine and Medical Jurisprudence, by JAMES C. CROSS, M. D.

Theory & Practice, by JOHN EHERLICH, M. D. Obstetrics and the Diseases of Women and Children, by WM. H. RICHARDSON, M. D.

Medica Medicina and Medical Botany, by CHAS. W. SHORT, M. D.

Chemistry and Pharmacy, by THOMAS D. MITCHELL, M. D.

Each of the teachers will lecture daily—Subs excepted. The fees of the entire course, including Matriculation and the use of the Library, will be \$10. The Graduation fee, \$20.

The Notes of all solvent State Banks will be received in payment of these fees, from Students coming from the States in which the Banks are located.

By order of the Faculty,

JAMES C. CROSS, Dean.

Lexington, July 19, 1837 22-ff.

The Publishers of the following papers are requested to insert the above to the amount of \$5, and send the papers containing it to the Dean, on the receipt of which the money will be remitted, viz:

Kentucky—Louisville Journal and Advertiser, Maysville Eagle, Ohio—Cincinnati Gazette, Columbus Journal and Hemisphere, Chillicothe Gazette, Zanesville Republican Cleveland Herald, Tennessee—Nashville Whig & Banner and Union, Memphis Enquirer, Kuksville Gazette, Alabama—Huntsville Advocate and Democrat, Tuscaloosa Intelligencer, Mobile Register and Advocate, Missouri—St. Louis Republican, and Palmyra Gazette, Mississippi—Natchez Journal, Vicksburg Register, Louisiana—New Orleans Bee, True American and Bulletin, Alexandria Gazette, Georgia—Milledgeville Recorder, Savannah Republican, Augusta Constitutionalist, South Carolina—Charleston Courier and Mercury, Columbia Telescope, North Carolina—Raleigh Register, Fayetteville Observer, Arkansas—Little Rock Advocate and Gazette, Illinois—Jacksonville Advocate, Van Buren Whig, Alton Journal, Galena Advertiser, Indiana—New Albany Gazette, Indianapolis Journal, Madison Republican, Logansport Gazette, Virginia—Richmond Whig and Enquirer, Winchester Republican, Wheeling Times, Lynchburg Virginian, Charlottesville Advocate, District of Columbia—Washington City Intelligencer, Globe and Reformer, New York—Spirit of the Times, Michigan—Detroit Courier.

**N. YORK SPIRIT OF THE TIMES,
AND TURF REGISTER,**

PUBLISHED weekly at 157 Broadway, N. York, at \$5 per annum. Payable in advance. W. T. PORTER, Editor.

J. V. TRUMBLE,

Agent for Lexington, Fayette Co.

vol. 15, 1836—55-tf.

NORTHERN BANK OF KENTUCKY,

Lexington, July 31 1837.

A DIVIDEND of four per cent, for the last six months, out of the profits, has been declared this day, and will be paid to the stockholders demand at the Bank. Full dividend will be allowed on all sums paid in, or on behalf of the first of January last, and at the same rate from the 15th may last, until the 7th Instalment of \$5 per share then and until.

By order of the Board of Directors.

M. T. SCOTT, Cashier.

Lex. July 6, 1837—27-tf.

TRANSYLVANIA UNIVERSITY,
Medical Department.

THE Trustees having reorganized this

Department of the Institution, by the reappointment of three members of the former Faculty; the election of Drs. ERASER, MICHENER, and CROSS, late Professor in the Medical College of Ohio; and the creation of an Adjunct Professorship of Anatomy and Surgery, the Lecture will commence, as usual, on the first Monday of November, with the following faculty.

Dr. Anatomy & Surgery, by W. V. DUDLEY, M. D., Professor.

Institutes of Medicine and Medical Jurisprudence, by JAMES C. CROSS, M. D.

Theory & Practice, by JOHN EHERLICH, M. D.

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Each of the teachers will lecture daily—Subs excepted. The fees of the entire course, including Matriculation and the use of the Library, will be \$10. The Graduation fee, \$20.

They are now receiving a large & well selected assortment of

**New Wholesale and Retail
Grocery Store**

FRANCIS McLEAR

AND PHILIP O'CONNELL

HAVE entered into Partnership in the

WHOLESALE AND RETAIL

GROCERY BUSINESS,

UNDER THE NAME OF

MCLEAR & O'CONNELL.

At the North West Corner of Main and Main-

Cross Streets, a little below Keiser's Tavern, and opposite Mr. Logan's Curving Shop,

Where they are now receiving a large & well

selected assortment of

GROCERIES.

Which, they offer very low for cash.

They are prepared to receive and forward

Goods consigned to their care, on as liber-

al terms as any house in the City. They will

make liberal advances on goods consigned to them. They have a House on Water Street, close to where the Steam Cars stop, which will save drayage.

They have now on hand, and will continue

to keep, a regular supply of SUPERFINE

FLOUR, manufactured by Mr. G. SUROYER,

the owner of Dupuy's celebrated Mills.

They have also made arrangements with a

celebrated manufacturer of STONE-VARPS

at Mayville, to sell his Stone-Ware on com-

mission. They have now on hand several wagon loads, well assort'd which they offer on

liberal terms.

They respectfully solicit their friends and the

public to call and examine their stock. Mer-

chants from a distance will find it to their ad-

vantage to call.

Lexington, May 6, 1837—27-tf.

NEW GOODS.

M. E. BROWNING

IS RECEIVING HIS

NEW SPRING AND SUMMER GOODS.

His Stock is large, and consists of almost ev-

ery article usually kept in dry goods

stores; he